

*Federal Transfers to Provinces*

I regret that I certainly cannot be anywhere as sanguine about this bill which is before us today. It is true that it does have some good features which merit mentioning, just as its very negative features merit great consideration. I want to mention the good aspects of the bill. It embodies a new set of arrangements for equalization which do reflect a real compromise between the two levels of government. It extends two very valuable ongoing programs which protect provinces against sudden declines in their revenue levels due to economic calamity or abrupt changes in the federal tax bases on which provincial, corporate and personal income taxes are levied. It carries out a pledge made to the three prairie provinces in the 1980 budget to rebate to them 50 per cent of the revenues from the oil export charge on oil exported outside Canada from those provinces. As well, it removes an inequity by which the established programs financing entitlement of wealthy provinces exceeded those of the have-not provinces. That was indeed an inequity and it must be removed.

However, these useful aspects of the bill cannot erase or make up for a provision in it which will discourage adequate funding of health and post-secondary education, reduce Parliament's ability to enforce existing national standards in health care, make agreements on more precise and enforceable standards almost impossible, and prevent agreement on goals of mutual interests to the provincial and federal governments in the field of post-secondary education. That is a provision which contains all these negative aspects. The provision to which I refer, of course, is the removal of the revenue guarantee component of the established programs financing.

This proposal, which will reduce the financial commitment of the federal government to health care and post-secondary education, those two very essential and vital services across this country, will reduce the federal commitment by some \$5.7 billion over the next five years. It represents as well a rejection of the spirit of federalism. This is not only because it is being done unilaterally—that method is the favorite method of the Trudeau government—but also because it reneges on a commitment that the federal government made to the provinces and to these programs when the present act was negotiated back in 1976 and 1977.

I should also point out that every independent group, every organization which has studied this massive fiscal arrangements issue, whether it is the all-parliamentary task force on federal-provincial fiscal relations, the Economic Council of Canada, the Canadian Council on Social Development, or the Business Council on National Issues, has recommended against the termination of the revenue guarantee, or indeed any other step that would reduce federal funding, federal support, for health care and post-secondary education. Every group has advised against it.

One must ask, is everyone out of step but the federal government? There has been only one change in the position that the Minister of Finance (Mr. MacEachen) has taken since he announced his intention in the 1980 budget to reduce the expenditures in the social affairs envelope and achieve more

savings for the federal government by reducing transfer payments to the provincial governments.

As hon. members will recall, the minister started out in 1980 by saying that he wanted to save \$1.5 billion in two years. He now wants to save \$5.7 billion in five years. It is a good thing that he did not have another year to get more greedy so that he could gut these programs instead of merely crippling them, which is what he is doing now.

At no point has there been any inclination on his part seriously to consider alternative approaches, whether those approaches have come from the provinces or from groups concerned with the programs that we are discussing. We live in hope that the minister may yet be persuaded of the folly of his obstinate approach and we will be proposing an amendment to the bill which we consider to be very reasonable and would permit the existing arrangement under the established programs financing to continue for another two years.

During that time the provinces would agree to increase their spending on health and post-secondary education by at least the rate of increase in the established programs financing escalator which, I understand, will be approximately 11.5 per cent in 1982 and 1983. One half of that two-year period would be spent in joint federal-provincial consultation with the interested groups concerned with post-secondary education and health care. The rest of that period would be spent in serious negotiations—not the kind of negotiations we have seen happening in the last few months—between the two levels of government on the appropriate support for a method of funding established programs financing by each level of government so that we may come to a real determination of the proper method of support and funding for health care and post-secondary education in Canada.

That period could also be the beginning of a process of establishing more precise and enforceable national standards in health, and of reaching agreement on goals of mutual interest to be pursued in post-secondary education. Surely that is an amendment which should be acceptable to any government which is truly concerned about the quality and accessibility of basic health care and post-secondary education services in this country. It is not asking for the unreasonable, and if the government is really concerned about these issues it will see that the amendment is accepted.

I will be anticipating support for it certainly from the Minister of National Health and Welfare (Miss Bégin), in whose interest it lies, and from the Secretary of State (Mr. Regan), who is in his seat and who I look to for support in regard to this amendment. The Secretary of State represents, among other things in his constituency, such noted institutions as Dalhousie University, Saint Mary's University and Mount Saint Vincent. I am sure he will want to see that there is no cutback in post-secondary funding to those institutions and that he will want to advocate to other members of the cabinet that this amendment be agreed to by all hon. members on the government side.